

U.S. NUCLEAR REGULATORY COMMISSION

DIRECTIVE TRANSMITTAL

TN: DT-05-21

To: NRC Management Directives Custodians

Subject: Transmittal of Management Directive 11.6, "Financial Assistance Program"

Purpose: Directive and Handbook 11.6 are being revised to bring MD 11.6 into compliance with 10 CFR Part 4, Subpart B, which assigned the Office of Small Business and Civil Rights oversight of NRC's financial recipients to ensure that they do not discriminate against disabled individuals and to provide information and reports to the Department of Justice to ensure that NRC's financial recipients are complying with regulations regarding nondiscriminatory practices in Federal programs and activities receiving financial assistance.

Office and
Division of Origin: Office of Administration
Division of Contracts

Contact: Stephen Pool, 301-415-8168

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Office of Administration
Michael T. Lesar, 301-415-7163
Christy Moore, 301-415-7086

OFFICE OF ADMINISTRATION

Financial Assistance Program

Directive
11.6

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U. S. Nuclear Regulatory Commission

Volume: 11 Procurement

ADM

Financial Assistance Program Directive 11.6

Policy (11.6-01)

It is the policy of the U.S. Nuclear Regulatory Commission to provide authority and procedures for the NRC financial assistance program. The program will be administered in conformance with the Federal Grant and Cooperative Agreement Act of 1977, the Atomic Energy Act of 1954, as amended, and related guidance from the Office of Management and Budget.

Objectives (11.6-02)

To maximize the public's opportunities for participation in NRC assistance programs.

Organizational Responsibilities and Delegations of Authority (11.6-03)

Executive Director for Operations (EDO) (031)

Approves proposed financial assistance topics.

Organizational Responsibilities and
Delegations of Authority
(11.6-03) (continued)

Office of the General Counsel (OGC)
(032)

Reviews all applications valued at greater than \$25,000 regarding the suitability of using an assistance instrument and the potential for conflicts of interest.

Director, Office of Small
Business and Civil Rights (SBCR)
(033)

- Conducts compliance reviews as required by 10 CFR Part 4, Subpart B, of applicants for financial assistance from NRC (or the Commission) to ensure nondiscriminatory practices in programs or activities as defined in the following civil rights statutes and NRC regulations: Title IV of the Energy Reorganization Act of 1974 and Title VI of the Civil Rights Act of 1964, including Limited English Proficiency; Section 504 of the Rehabilitation Act of 1973 and Title II of the Americans with Disability Act; Age Discrimination Act of 1975; Title IX of the Education Amendments of 1972, as amended; 10 CFR Part 4, "Nondiscrimination in Federally Assisted Programs or Activities Receiving Financial Assistance From the Commission," Subparts A, B, and C; and 10 CFR Part 5, "Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance," Subparts C, D, and E. (a)
- Conducts compliance reviews as required by 10 CFR Part 4, Subpart B, of recipients of financial assistance from NRC to ensure that programs and activities are in compliance with the nondiscriminatory practices set forth in these civil right statutes and NRC regulations. (b)

Organizational Responsibilities and
Delegations of Authority
(11.6-03) (continued)

Office Directors
(034)

- Select the program areas to be supported by providing funds through financial assistance. (a)
- Serve as the recommending official to the EDO for program areas funded by the office. (b)
- Ensure review of applications valued at \$25,000 or less regarding the appropriateness of technical assistance funding and the potential for conflicts of interest. (c)

Director, Division of Contracts (DC),
Office of Administration (ADM)
(035)

- As the agent for NRC, performs detailed financial and business analysis, executes the assistance instruments, and ensures the assistance document is managed after award in coordination with the program office. (a)
- Ensures the official record file relative to all actions funded through NRC financial assistance instruments is maintained. (b)
- Ensures closeout and deobligation of funds upon completion of the project provided financial assistance. (c)

Applicability
(11.6-04)

The policy and guidance in this directive and handbook apply to all NRC employees.

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Handbook
(11.6-05)

Handbook 11.6 contains guidance for establishing and processing financial assistance programs.

References
(11.6-06)

Code of Federal Regulations

10 CFR Part 4, "Nondiscrimination in Federally Assisted Programs or Activities Receiving Federal Financial Assistance From the Commission," Subparts A, B, and C.

10 CFR Part 5, "Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance," Subparts C, D, and E.

31 CFR Part 202, "Depositories and Financial Agents of the Federal Government."

48 CFR Chapter 1, Federal Acquisition Regulation.

Nuclear Regulatory Commission

Management Directives

3.53, "NRC Records and Document Management Program."

11.1, "NRC Acquisition of Supplies and Services."

NUREG-0910, "NRC Comprehensive Records Disposition Schedule."

Office of Management and Budget (OMB)

OMB Circular A-21, "Cost Principles for Educational Institutions."

References

(11.6-06) (continued)

OMB Circular A-102, "Grants and Cooperative Agreements With State and Local Governments."

OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations."

OMB Circular A-122, "Cost Principles for Non-Profit Organizations."

United States Code

Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.).

Title II of the Americans With Disabilities Act (42 U.S.C. 12101).

Atomic Energy Act of 1954, as amended, Sections 31a. and 141b. (43 U.S.C. 2011 et seq.).

Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681 et seq.).

Title IV of the Energy Reorganization Act of 1974 (42 U.S.C. 5801).

Federal Grant and Cooperative Agreement Act of 1977, Pub. L. 95-224, 92 Stat. 3, recodified with minor changes, Pub. L. 97-258, September 13, 1982 (31 U.S.C. 6301 et seq.) 96 Stat. 1083.

Rehabilitation Act of 1973, Section 504 (29 U.S.C. § 794).

Financial Assistance Program

Handbook
11.6

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Part I

Program Identification

General (A)

NRC may enter into arrangements to provide financial assistance to accomplish a public purpose of support or stimulation pursuant to Sections 31a. and 141b. of the Atomic Energy Act of 1954, as amended, and in conjunction with the Federal Grant and Cooperative Agreement Act of 1977. Arrangements for financial assistance shall be through grants or cooperative agreements. Financial assistance may be provided to educational institutions, nonprofit organizations, State or local governments, or professional organizations. (1)

A “grant” is a legal instrument for transferring money, property, or services to a recipient to accomplish a public purpose of support or stimulation in which there will be no substantial involvement between the Federal agency and the recipient during performance. Whereas a “cooperative agreement” is a legal instrument for transferring money, property, or services to a recipient to accomplish a public purpose of support or stimulation in which substantial involvement between the Federal agency and the recipient is anticipated during performance. (2)

Grants awarded under the Atomic Energy Act of 1954 have unique guidelines. Offices wishing to sponsor programs will identify, normally on an annual basis, those program areas suitable for the agency to engage in assistance as authorized by Federal statute. Section 31a. of the Atomic Energy Act specifies that any assistance provided by NRC must be within one of six specific technical areas: (3)

- nuclear processes (a)
- the theory and production of atomic energy (b)

General (A) (continued)

- special nuclear material and radioactive material for medical, biological, agricultural, health, or military purposes (c)
- special nuclear material, atomic energy, and radioactive material and processes entailed in the use or production of atomic energy or such material for other purposes (d)
- the protection of health and the promotion of safety during research and production activities (e)
- contributions to the cost of construction and operation of reactors and other facilities and other equipment to colleges, universities, hospitals, and eleemosynary or charitable institutions for the conduct of educational and training activities relating to the areas listed above (f)

The office director will determine the topics to be announced and send the list to the Executive Director for Operations (EDO) for approval. (4)

After EDO approval, the sponsoring office shall provide the approved program area topics to the Division of Contracts (DC), Office of Administration, for public announcement. The program area topics will be widely publicized by appropriate means, including the Catalog of Federal Domestic Assistance (CFDA). (5)

Criteria for Selection of an
Assistance Document (B)

Selection of support through financial assistance methodology normally shall be made by the office director of the funding office, taking into account the special needs of the technical office, the nature of the proposed research, the manner in which it will be performed, and the nature and extent of NRC's planned technical direction and management control. Research support through

Criteria for Selection of an
Assistance Document (B) (continued)

financial assistance methods may be made to support basic, advanced, and developmental scientific research where the purpose is to conduct or further that research at nonprofit institutions of higher education, nonprofit organizations, State and local governments, and professional organizations. (1)

The Federal Grant and Cooperative Agreement Act of 1977 requires executive agencies to distinguish their procurement relationships from their assistance relationships. In recommending the appropriate document, the office director shall review assistance programs essentially on the basis of whether or not the principal purpose of the work is for the direct benefit or use of the Federal Government. To distinguish assistance from procurement, one must determine that NRC's benefit from the results of the assistance project is no greater than for other interested parties. For example, surveys, studies, or research that provide specific information or data necessary for NRC to exercise its regulatory or research mission responsibilities should not be attained by financial assistance but by contract, which is the legal instrument for acquiring supplies or services for the direct benefit of or use by NRC. (2)

Factors generally indicating support through financial assistance methods are— (3)

- The primary purpose is to aid or support the development of knowledge or understanding of the subject or phenomena under study. (a)
- The exact course of the work and its outcome are not defined precisely and specific points in time for achievement of significant results may not be specified. (b)
- The nature of the proposed work is such that the recipient will bear prime responsibility for the conduct of the research and

Criteria for Selection of an
Assistance Document (B) (continued)

will exercise judgment and original thought toward attaining the scientific goals within broad parameters of the research areas proposed and the related resources provided. (c)

- The research problem requires long-term support (that is, in excess of 1 year) for the study to mature to maximum scientific effectiveness. (This estimate does not preclude shorter term assistance in special cases.) (d)
- Meaningful technical reports (as distinguished from semiannual status reports) can be prepared only as new findings are made, rather than on a predetermined time schedule. (e)
- Simplicity and economy in execution and administration are mutually desirable. (f)

Factors generally indicating the use of a contract rather than financial assistance are— (4)

- The primary purpose is to procure well-defined research in direct support of the NRC's licensing and regulatory mission. (a)
- A specific service, piece of hardware, or improved performance of a specific device is the end product. (b)
- The work to be conducted is classified (however, access to security classified information may be given grantees where a demonstrated need exists). (c)
- The end result is clearly defined and/or parameters and specifications are prepared in advance of the work. (d)

Criteria for Selection of an Assistance Document (B) (continued)

- A significant portion of the total effort will be performed by an organization other than the one submitting the proposal. This portion may involve the development, fabrication, or acquisition of instruments or hardware. (e)

Assistance Notice (C)

To maximize opportunities for the public participation in NRC assistance programs, NRC solicits applications for assistance awards from the broadest spectrum of potential recipients by a multipurpose notice. This notice is NRC's formal written notification for interested educational institutions, nonprofit organizations, State and local governments, and professional organizations to submit applications for the exchange and transfer of knowledge, ideas, and concepts directed toward the NRC safety research program to increase public understanding relating to nuclear safety. (1)

The *Federal Register* is used to announce the availability of funds to support research grants to educational institutions. The notice— (2)

- Describes the form and procedures for applying for financial assistance (a)
- Provides the criteria by which applicants will be evaluated and selected (b)
- Establishes the application due date (Applicants will be given a minimum of 30 days to prepare their application.) (c)

The CFDA is used to inform the Office of Management and Budget (OMB) of the types of Federal assistance available. The information is used to update the General Services Administration's Federal assistance information database,

Assistance Notice (C) (continued)

which is disseminated through the CFDA and the Federal assistance programs retrieval system (FAPRS). The CFDA is a comprehensive listing of Federal domestic assistance programs. (3)

Unsolicited Applications (D)

Although NRC favors solicitation of applications for assistance awards whenever possible, NRC also values obtaining innovative ideas, methods, and approaches offered by the public through unsolicited applications. (1)

“Unsolicited application” means a written request for NRC support of a project submitted on the initiative of the applicant. Unsolicited applications can include both requests for support of a new project and requests for additional support of a previously funded project. Grants as well as cooperative agreements can result from unsolicited applications. (2)

Unsolicited Federal assistance applications received from educational institutions are held and evaluated with those applications received in response to the annual *Federal Register* notice to ensure that all applicants have an equal chance for funding from the limited resources. The Office of Nuclear Regulatory Research uses a portion of its operational budget to fund unsolicited applications received from other than educational organizations (e.g., nonprofit organizations) to support areas such as training activities and symposiums. These applications are evaluated upon receipt and a determination for award is made at that time. (3)

Unsolicited applications conform with the same processing, technical and budget review, and execution as other applications. These procedures are discussed in Parts II, III, and IV of this handbook. (4)

Part II

Processing Applications

Receipt of Applications (A)

A contracting officer is designated within the Division of Contracts (DC), Office of Administration (ADM), to ensure the processing, award, and administration of all financial assistance actions. The contract specialist works with the contracting officer to perform these functions. (1)

Applications received as a result of *Federal Register* notices or as unsolicited submissions shall be submitted to DC, ADM. DC will acknowledge receipt of all applications. Inquiries relative to an application should be directed to DC. (2)

DC will date-stamp and enter applications in an application receipt log. This log shall contain at least the following information: (3)

- Name and address of applicant (a)
- Announcement for which the application was submitted (b)
- Date and time of receipt (c)
- Control number assigned (d)
- Award instrument number (if award is made) (e)
- Disposition of application (f)

After receiving an application, DC will check it for completeness and accuracy, including ensuring that the applicant submitted "Application for Federal Assistance — Discretionary," (SF 424 — Discretionary) with the grant application package. DC will resolve

Receipt of Applications (A) **(continued)**

issues of incompleteness or inaccurate data before further processing. DC then will forward the application to the grants coordinator for the program office sponsoring the announcement. (4)

Overview of the Application Review and Award Process (B)

The grants coordinator will forward the application to the division having primary technical responsibility for the area of the proposed research. The branch chief and division director in the technical office will review the application in accordance with Part III of this handbook. The division director will prioritize applications from all the branches in the division and the branch chief will prioritize applications for his or her particular branch. The applications receiving the highest technical merit will be forwarded to the office director, who is the recommending official for review. (1)

The office director, who determines whether an application is appropriate for financial assistance, will appraise technical merit and budget considerations. For applications of \$25,000 or less, the office director will ensure office-level review for appropriateness of technical assistance funding, the potential for conflicts of interest, and identification of budget issues to be further pursued by the contracting officer, DC. Subsequent to review, the program office will forward the applications directly to DC with a request for procurement action (RFPA) for execution of award documents. (2)

For applications valued at greater than \$25,000, the program office will forward recommended applications to the Office of the General Counsel (OGC) for legal review in accordance with Part IV of this handbook. (3)

Once OGC has completed its review, it will forward the applications to the program office with a recommendation as to whether the subject matter of an application is appropriate for financial assistance to ensure compliance with the Federal Grant and Cooperative Agreement Act. (4)

Overview of the Application Review and Award Process (B) (continued)

At all times, applications will be stored in a secure location not accessible to individuals without a reasonable need to see the application. (5)

Subsequently, the program office will forward applications to DC with a RFPA for execution of the award documents. (6)

Prior to execution of awards, DC will provide the application to the Office of Small Business and Civil Rights (SBCR) to conduct a pre-award review to ensure compliance with applicable Civil Rights statutes and regulations. (7)

Upon completion of SBCR's pre-award review, SBCR will provide a copy of the results of the review to the DC contracting officer for appropriate action. The SBCR review will reflect whether the potential awardee has met the requirements under the applicable Civil Rights statutes and regulations. (8)

Pre-award reviews must be completed by SBCR within 10 business days following SBCR's receipt of the pre-award package from the contracting officer. Post-award reviews will be completed at least once every 3 years for current recipients of Federal Financial Assistance from NRC. (9)

Part III

Process for the Program Office's Technical and Budget Review of Applications

Office Director (A)

The office director will ensure that appropriate staff will review applications to determine whether they meet the criteria for financial assistance. There are two types of assistance: cooperative agreements and grants. In either case, NRC seeks to encourage competition, where deemed appropriate, in the award of grants. The office director shall ensure that his or her choice of financial assistance is consistent with NRC's legislation authorizing grants and cooperative agreements and the NRC regulatory mission. Specifically, the office director—

- Ensures that appropriate staff evaluate applications requesting financial assistance (1)
- Recommends the appropriate instrument to be used for individual assistance transactions (2)
- Selects recipients for financial assistance, states the amount to be funded, and provides a sufficient basis to ensure the proposed award is in accordance with the Atomic Energy Act of 1954, as amended, and the Federal Grant and Cooperative Agreement Act of 1977 (3)

Outside Expertise—Peer Review (B)

When the expertise required to evaluate applications is not available within NRC or independent review is desired, it may be appropriate to appoint peer reviewers from the private sector or other Government agencies who have the required technical or scientific expertise. Peer reviewers, when appointed to assist the

Outside Expertise—Peer Review (B) (continued)

technical evaluator, will present their evaluation in an advisory capacity. It is recognized that an appropriate instrument may have to be executed to obtain desired services. (1)

No evaluator or advisor should be appointed as such who has a conflict of interest. The Office of the General Counsel should be consulted if there is any doubt about conflicts of interest. (2)

Procedures for Conducting Technical Evaluation (C)

Generally, the emphasis of the grant review process is on technical merit. Staff evaluate and prioritize applications on the basis of technical merit. However, the proposed budget should be initially screened before initiation of the technical review process to remove from consideration any proposal that may be seriously flawed with regard to cost necessity and reasonableness. (1)

The technical evaluation is the responsibility of the program office under the direction of the office director. Those participating in the evaluation process should be provided with a complete set of documentation necessary for evaluation. The information packet should contain— (2)

- Program legislation and regulations (if available) (a)
- Program announcement and application guidelines (b)
- Evaluation criteria (c)
- Copies of the complete application (d)

Open and candid discussion of all aspects of each application is necessary. The evaluators should be encouraged to share their views with other evaluators. Each evaluator must abide by his or

Procedures for Conducting Technical Evaluation (C) (continued)

her agreement to maintain confidentiality with regard to the applications and the progress of the evaluation. (3)

The evaluator having custody of the applications must exercise great care in assuring that the applications are not disseminated. Distribution of these applications should be limited to those on a need-to-know basis, and the applications must be treated as “official use only” documents. The following precautions should be observed: (4)

- Applications should be made available only to duly appointed technical evaluators or advisors. (a)
- When the applications are not being used, they should be stored in a desk or cabinet not accessible to individuals who do not have a need to review the applications. (b)
- Evaluators should be briefed by the contract specialist on the procedures they must follow to ensure confidentiality, including disposal of any application copies they might have in their possession. (c)

The only source for application evaluation criteria is the list of criteria that is available to the public in the *Federal Register* notice. After issuing the *Federal Register* notice, no new criteria can be added. Criteria for evaluating unsolicited grant applications will be the same as the criteria in “Project Objectives,” “Project Accomplishments,” “Project Work Plan,” and “Project Staff/Facilities” that follow. (5)

In order to distinguish between a number of applications that meet program objectives, the evaluators should be able to make an impartial judgment on the merit of the application. The following questions and considerations, categorized by topic areas, can serve as a guide tool for reviewing applications against the

Procedures for Conducting Technical Evaluation (C) (continued)

evaluation criteria stated in the application. They are not, however, intended to be rated or to replace the evaluation criteria. (6)

Project Objectives (a)

- Are project objectives clearly established? (i)
- Do the project objectives state what work tasks are to be accomplished or what is to be ultimately accomplished? (ii)
- Are objectives stated as short- or long-term goals for the project? Are they comprehensive? Do they impact on any other activity being undertaken or proposed by the applicant? (iii)
- Do project objectives clearly relate to the problem definition? How do the grantee's objectives impact on NRC overall objectives? (iv)

Project Accomplishments (b)

- Are project outputs/milestones clearly defined and identified in the narrative statement of the application? Do they relate to the objectives of the project? (i)
- Are outputs/milestones clearly associated with major work tasks to be completed during the life of the project? Are they logically timed or sequenced to meet planned accomplishments on schedule? (ii)
- Does the applicant expect to encounter any major work difficulties in achieving the desired output or milestones? Has the applicant developed any alternative approaches that could be utilized to achieve the same or similar results? (iii)

Procedures for Conducting
Technical Evaluation (C) (continued)

Project Work Plan (c)

- Is the level of effort described in the work plan adequate and sufficiently cost-effective to achieve the desired results? Is the project work well thought out or too loosely developed in scope and size? (i)
- Does the plan call for appropriate use of available resources? (ii)
- Is the plan innovative? Are there strengths or weaknesses that can be identified in the overall scope of work and organizational structure? (iii)
- What are the probable constraints or limitations confronting the applicant that may impede his or her ability to complete project activities? (iv)
- What administrative structure will be set up by the applicant? Is it adequate to meet the needs of the project? (v)
- Does the work plan mesh properly with program guidance if such is provided by NRC? (vi)

Project Staff/Facilities (d)

- Who is charged with the basic responsibility to operate the project? (i)
- Will key staff personnel participate full-time or act as consultants to the project? What are their qualifications? Are they the type of personnel needed to do the job? (ii)
- Do gaps in areas of expertise exist? (iii)
- Has sufficient attention been given to contractual services? (iv)

Procedures for Conducting Technical Evaluation (C) (continued)

Project Staff/Facilities (d) (continued)

- What facilities, equipment, supplies, or materials will be used and why are they needed? Are services being provided by contract? (v)

Project Budget Evaluation (e)

The project budget provides information on the costs of the project effort to be borne by NRC and in matching or cost-share arrangements by the applicant. The budget is always one of the evaluation criteria. The technical evaluator should ascertain whether the budget sheet is complete and accurate, the budget figures are actual or estimated costs, all proposed project tasks are included in the budget, and the items of cost appear reasonable and necessary.

Procedures for Conducting a Budget Evaluation (D)

Unless program regulations indicate to the contrary, necessity and reasonableness of costs in the proposed budget—not cost-competitiveness—are the key factors for financial review of financial assistance proposals. (1)

The office director should ensure a determination is made through a budget review that the costs proposed in financial assistance applications are necessary and reasonable to the work in accordance with the evaluation criteria. (2)

In this kind of minimal cost review, the following general tests of allowability apply: (3)

- A cost must be reasonable, both in nature and amount. (a)

Procedures for Conducting a Budget Evaluation (D) (continued)

- A cost must be necessary to the project work with demonstrable benefit for program objectives, either directly or indirectly. (b)
- A cost must be consistently treated, under similar conditions—irrespective of whether a cost is charged to a sponsored project or defrayed with the organization's own funds. (c)

Completion of Technical Evaluations (E)

When the evaluations are complete, the technical evaluator for each application will provide his or her recommendations to the division director, who will recommend to the recommending official a group of applications determined to be suitable for award. (1)

The program office also will return to DC all applications that are not recommended to receive financial assistance. DC will send notice of nonselection to the applicant, which explains the basis for nonselection of the applicant's proposal. (2)

Part IV

Execution of Financial Assistance Action

Review of Applications Valued at \$25,000 or Less (A)

Once applications have been selected for award of financial assistance, the office director will ensure an office-level review takes place for applications valued at \$25,000 or less. This review will encompass appropriateness of technical assistance funding, potential conflicts of interest, and identification of budget issues to be further pursued by the contracting officer, the Division of Contracts (DC), Office of Administration. Subsequent to review, the program office will forward the applications directly to DC with a request for procurement action (RFPA) certifying funds for execution of award documents as discussed in Section (B) of this part. The file will reflect all considerations and evaluations supporting the award decision.

Office of the General Counsel Review (B)

For applications greater than \$25,000, the office providing the funds for assistance will forward the applications to the Office of the General Counsel (OGC) for review. OGC will review the applications for— (1)

- Appropriateness of the subject matter for funding by financial assistance (a)
- Potential organizational conflicts of interest (b)
- Identification of potential budget issues to be further pursued by the contracting officer, DC (c)

Office of the General Counsel

Review (B) (continued)

The purpose of OGC review is to ensure that the subject matter of each application is appropriate for financial assistance as opposed to using a contract, to ensure compliance with the Federal Grant and Cooperative Agreement Act of 1977, and to evaluate any potential organizational conflict of interest and/or issue of impropriety. (2)

Once OGC has completed the review, it shall forward the applications to the program office with its recommendation. The program office should not proceed with an application if it is not legally supportable. (3)

Subsequently, the program office will forward applications to DC with a RFPA certifying funds for execution of the award documents. The file will reflect all considerations and evaluations supporting the award decision. (4)

DC Review (C)

Before execution of award documents, the contracting officer, DC, will ensure performance of the preaward cost analysis and will make the final determination that the costs proposed are fair and reasonable. The objective of cost analysis is to determine that— (1)

- The recipient can adequately account for and safeguard Federal funds. (a)
- Costs proposed for financial assistance awards are necessary, allocable, reasonable, and, therefore, allowable under applicable Federal cost standards and necessary to achieve the objectives of the project. (b)
- The recipient understands the financial and management aspects of the project. (c)

DC Review (C) (continued)

The extent of the cost analysis depends on past experience with the prospective recipient and the potential dollar amount of the project. In addition, the contracting officer considers the extent to which the necessity, allocability, and reasonableness of proposed costs can be verified by supporting documentation contained in the application. Lastly, he or she evaluates other known factors that may affect the organization's financial capabilities to operate under the award. (2)

The contracting officer also reviews the responsibility of the applicant by studying the business aspects of an application. The emphasis of this review is to determine the recipient's ability to manage the financial aspects of the award and his or her plans to accomplish project activities with reasonable economy and efficiency. If the contracting officer has any reason to doubt the capability of the applicant to adequately administer Federal funds on the basis of information in the application, then he or she should obtain additional information and/or take other steps to ensure that Federal funds will be safeguarded after award. The basic requirement for the financial management of a project is an adequate accounting system. The Government agency assigned audit responsibility should be contacted for questions regarding accounting system adequacy. (3)

The contracting officer, prior to award (regardless of dollar value), will ensure that the Office of Small Business and Civil Rights (SBCR) has provided a copy of the results of their pre-award review reflecting whether the potential awardee has met the requirements under applicable Civil Rights statutes and regulations. (4)

Notification of Award Recipients and Others (D)

The contracting officer will notify prospective awardees of their selection by issuance of an award document or by a letter. (1)

Notification of Award

Recipients and Others (D) (continued)

Notifications of award to the general public should be made only after all negotiations are complete and an award document has been signed and executed. Generally, public notice of a selection before actual award is not encouraged. (2)

The contracting officer will send a letter, immediately following the award, informing each applicant who was not selected of the reasons for nonselection. More comprehensive discussions may be appropriate upon written request by an unsuccessful applicant. Unsuccessful grant application files related to rejection or withdrawn applications are destroyed 3 years after rejection or withdrawal. (3)

Files and Records (E)

The contracting officer, DC, ensures that an official grant file is initiated and that all materials are properly placed and maintained in that file. The official grant file is the repository for all fiscal, budgetary, and performance documents pertaining to a specific grant or cooperative agreement. (1)

All grant files will be disposed of in accordance with MD 3.53 and NUREG-0910. (2)

All files pertaining to pre-award and post-award reviews shall be maintained by SBCR and destroyed 2 years after DC closeout of the grant. (3)

Payment Procedures Under Grants (F)

Office of Management and Budget (OMB) Circular A-110 and 31 CFR Part 202 set forth guidelines for payment requirements and cash depositaries, respectively, for grants made to State and local

Payment Procedures Under Grants (F) (continued)

governments and institutions of higher education, hospitals, and other nonprofit organizations. (1)

Ordinarily, only those costs of grant performance incurred during the grant period, that is, from award through the stated completion date, will be allowable for payment by the Government. However, the contracting officer may, in concurrence with the program office on a case-by-case basis, determine that it is in the best interest of the Government to allow payment of otherwise allowable and allocable costs for grant-related activities before award. When a contracting officer makes a determination to allow pre-award costs, he or she shall immediately notify recipients of the intent to include provision in the contemplated grant and the specified date so that the recipients can plan performance accordingly. (2)

Property and Assets Management Under Grants (G)

Title to equipment acquired by a recipient with NRC funds and valued at less than \$5000 shall vest in the recipient. (1)

If the program office and the contracting officer jointly determine that equipment with a current per-unit fair market value of \$5,000 or more is no longer needed for the NRC or other Federal project, the recipient may retain the equipment for other uses provided that compensation is made to NRC. (2)

Title to expendable personal property shall be vested in accordance with the guidelines in OMB Circular A-102, as appropriate. (3)

For intangible assets, unless otherwise provided in the award instrument, the recipient may copyright any books, publications, films, or other copyright able materials developed in the course of

Property and Assets Management
Under Grants (G) (continued)

or under the award. Any such copyrighted materials shall be subject to a royalty-free, irrevocable, worldwide, nonexclusive license in the U.S. Government to reproduce, perform, translate, and otherwise use and to authorize others to use such materials for Government purposes. (4)

Program Income and Earned
Interest Disposition (H)

OMB Circulars A-102 and A-110 set forth standards regarding the accounting for the disposition of program income for grants made to State and local governments and institutions of higher education, hospitals, and other nonprofit organizations.

Cost Principles for Grants (I)

The allowability of costs for which NRC funds may be expended under NRC grants shall be determined in accordance with the following cost principles: (1)

- OMB Circular A-21 provides cost principles and policy guides to be applied by Federal agencies supporting research and development and training and other educational services under grants and contracts with educational institutions. (a)
- OMB Circular A-122 is applicable to nonprofit organizations. (b)

In addition to factors contained in the above-referenced Federal cost principles on the general allowability and reasonableness of costs, the following additional cost considerations apply to NRC noneducational unsolicited grants: (2)

Cost Principles for Grants (I) (continued)

- The maximum obligation of NRC for support of the project will not exceed the amount awarded in the grant instrument, as amended. (a)
- Grant funds may not be expended subsequent to the end of the period of performance except to liquidate valid commitments that were made on or before the expiration date of the period of performance of the project (for example, those minimum commitments necessary for the preparation and submission of the final report). The contracting officer will execute a formal amendment to the grant to extend the period of performance, which will have the effect of reinstating the allowability of post-expiration costs, if this action is in the best interest of NRC. (b)

Each set of cost principles identifies certain costs that are allowable to the extent that they are approved by NRC. The specific requirements and procedures for obtaining approval of these costs are described below: (3)

- When the costs are treated as indirect costs (or, in the case of a State or local government, are allocated pursuant to a statewide or local governmentwide cost allocation plan), approval of the costs as part of the negotiation of the organization's indirect cost rate or cost allocation plan will be deemed as having met the approval requirements. In these cases, a specific request for approval is not required. (a)
- When the costs are treated as direct costs, the contracting officer should approve them in advance. In these cases, if the costs requiring approval are included in the grant budget, approval of the budget will constitute approval of the costs. If they are not included in the budget, the grantee should obtain specific prior approval from the contracting officer before their incurrence. (b)

Cost Principles for Grants (I)
(continued)

Each set of cost principles includes general standards for selected items of cost. The provisions of a grant document may modify or augment the general provisions in the cost principles. The contracting officer responsible for the grant shall not include provisions in the grant that conflict with the applicable standards unless they are clearly justified in light of the particular circumstances involved and concurrence has been obtained from the program office. (4)